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Micro Perspectives for
Decentralized Energy Supply

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Session IV: Financing

The role of microfinance in energy access - changing roles, changing paradigms and future potential

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... among academics and practitioners






- ❑ High synergies between financial and energy inclusion
- ❑ MFIs as the ideal catalyst for energy access solutions



MF & Energy Access Synergy Promise



Key Observations in the Market

- ❑ Rapid growth of solar off-grid market in past five years (key markets include Bangladesh, India, Kenya, Tanzania, and Ethiopia) 
- ❑ System prices have reduced dramatically  
- ❑ Quality assurance and consumer protection are the foundation for market development 
- ❑ Measures that increase system affordability are essential 



But in reality little scaled impact in combination with MF measures

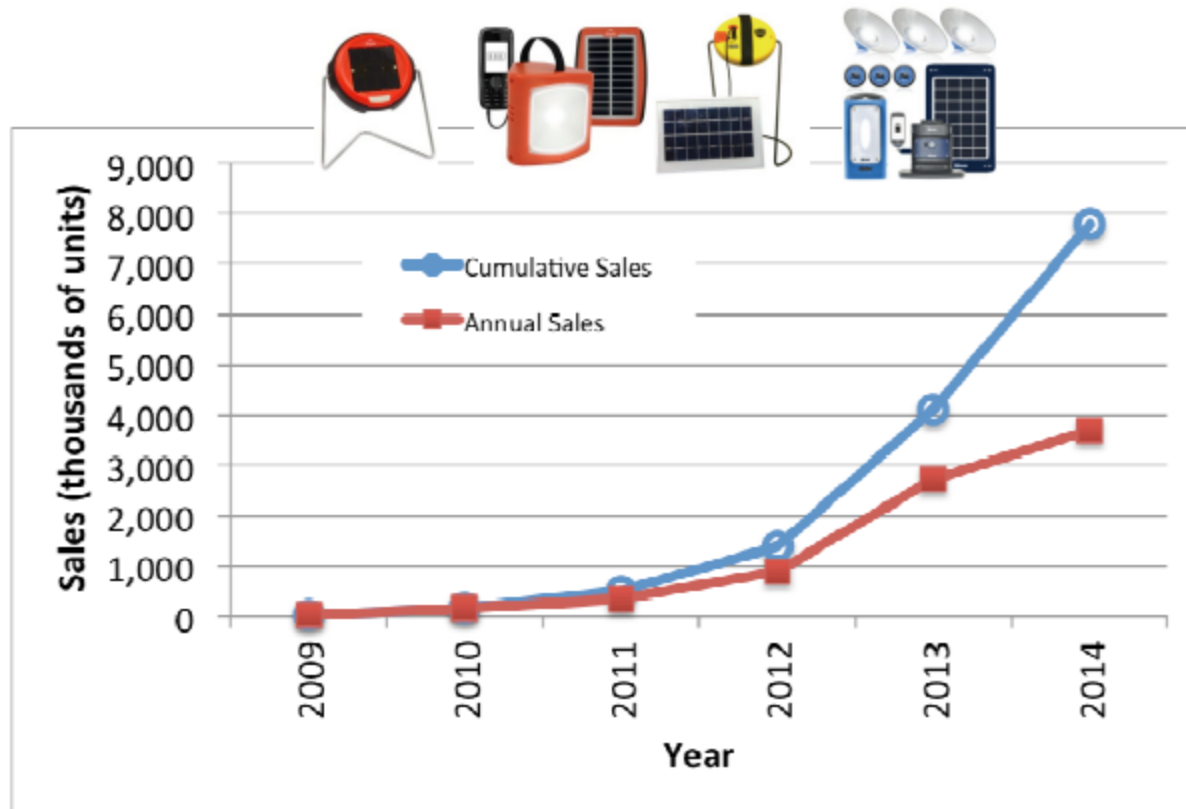


Case Studies

<input type="checkbox"/> Bangladesh	IDCOL SHS program
<input type="checkbox"/> Pakistan	PPAF SHS program
<input type="checkbox"/> Philippines	Energy Inclusion Initiative – MCPI
<input type="checkbox"/> Cameroon	CVECA
<input type="checkbox"/> Mexico	EcoMicro – Te Creemos
<input type="checkbox"/> Peru	Energy Inclusion Initiative – Fondesurco & Caja Huancayo
<input type="checkbox"/> Colombia	EcoMicro - Contactar
<input type="checkbox"/> India	SEWA's Hariyali Initiative

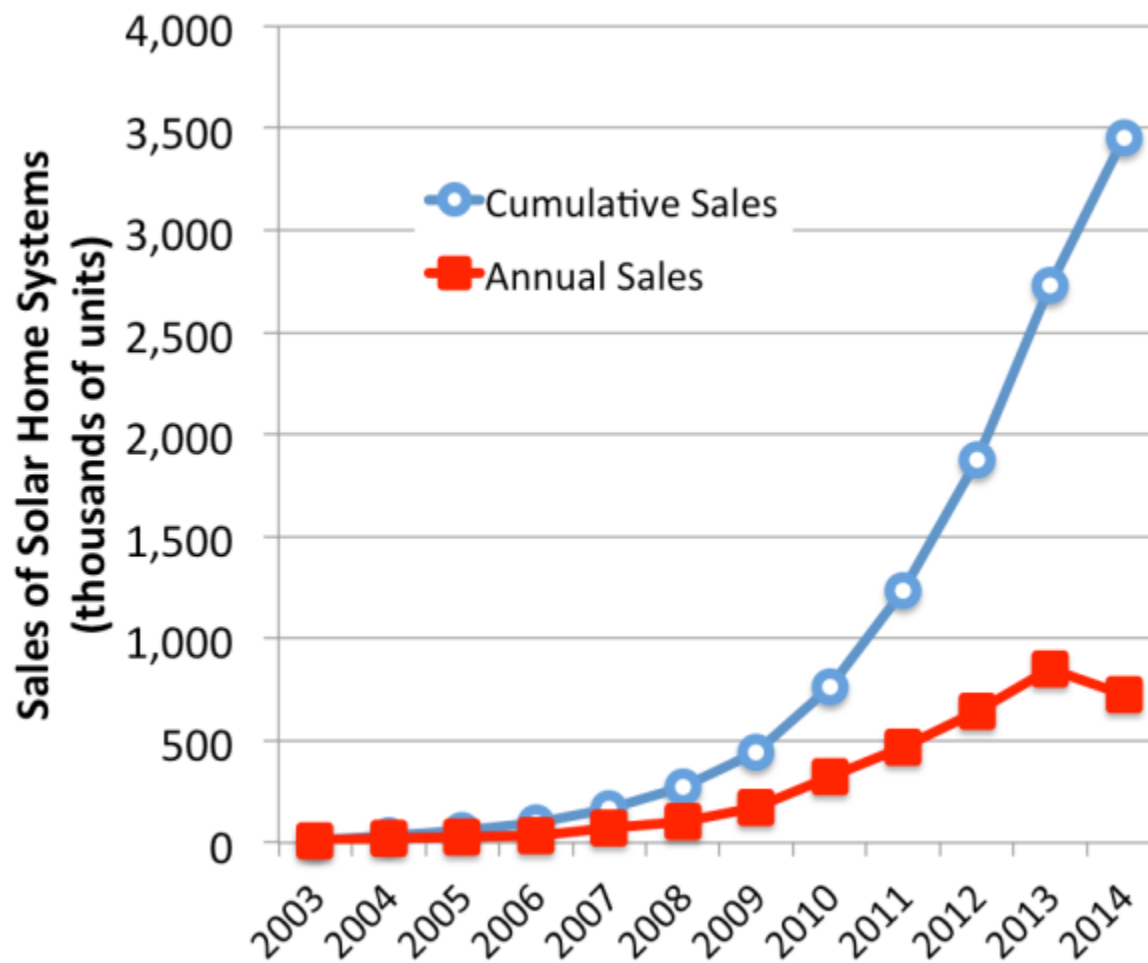
Source: ESMAP, 2014

Sales – Lighting Global



Source: Jacobson, 2015

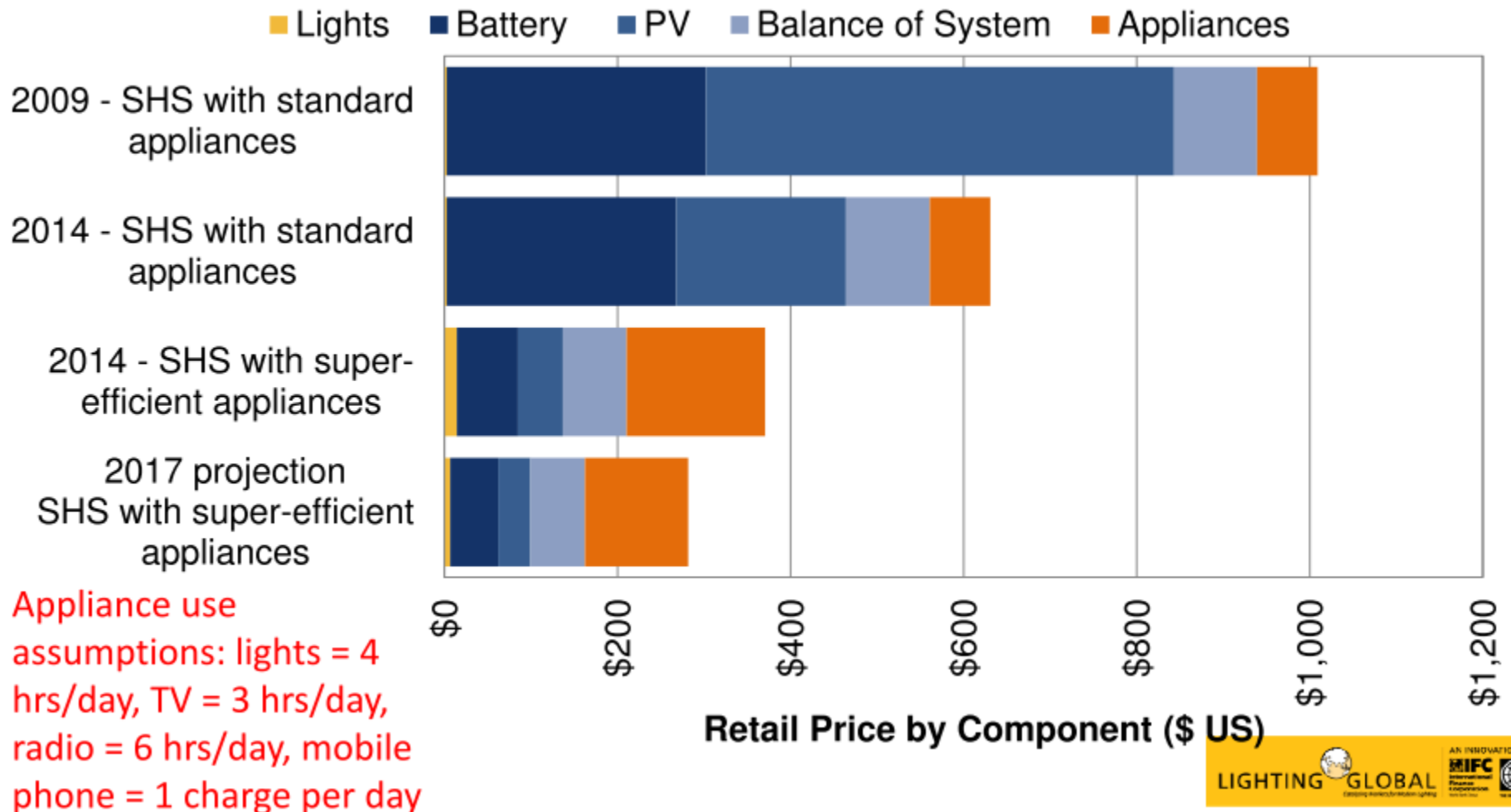
Sales – IDCOL Bangladesh



Source: Jacobson, 2015



SHS System prices



Source: Jacobson, 2015



Reactions by the MF Sector (I)

Changing roles

- ☐ Emergence of PAYG
- ☐ Emergence of minigrids
- ☐ Widening the perspective of Green MF



Reactions by the MF Sector (II)

Changing paradigms

- ❑ SE4ALL tracking framework: multi-tier approach
- ❑ Focus on productive use

➡ dual divergence of perceived energy needs



Future Potential

- ❑ Financial and community activation services continue to be in demand
 - Solar lanterns:
 - ✓ value chain strengthening through financing of working capital for last mile retailers
 - Minigrids:
 - ✓ Assessment of present and future financial capacities of a target group
 - ✓ Pooling of community's financial resources
 - ✓ Financing of local operators

- ❑ Wider field of Green Microfinance: CC adaptation & mitigation



- ❑ Trending energy technologies do not lend well to MFI's traditional financing models
- ❑ Unique value proposition a thing of the past?
- ❑ Probably not, but end-user financing may not be the best position any longer



In light of the up-coming SDGs a rapid adaptation to new realities is required by the MF sector in order to play a major role for reaching the energy access goal!



Thank you!